

MARICOPA COUNTY SELF-INSURED TRUST

BOARD OF TRUSTEES MEETING

301 W. Jefferson Street, Suite 3200
North Conference Room, 3rd Floor, Maricopa County Administration Building
Monday, August 18, 2014
Open Meeting Time: 11:00 A.M.

MINUTES

TRUSTEES PRESENT: Jim Steinkamp, Beverly Dupree, Frank Hinds
(Telephonically) Rex Jorgensen

TRUSTEES ABSENT: Brad Arnett, Dan Robledo

STAFF PRESENT: Meg Blankenship, Christopher Bradley, Dave Hansen,
MaryEllen Sheppard, Tawn Austin, Curtia Hunter-Richard

Curtia Hunter-Richard distributed a presentation folder to each Trustee and Staff member present. The folder included the meeting agenda, May 19, 2014, and June 26, 2014 meeting minutes, and the financial statements.

The Open Session meeting was called to order by Chairperson Steinkamp at 11:07 A.M. A quorum was present.

Approval of Meeting Minutes

Chairperson Steinkamp called for the approval of the May 19, 2014 meeting minutes. No changes were identified. The motion to approve the minutes was made by Trustee Dupree and seconded by Trustee Hinds. The May 19, 2014 minutes were unanimously approved.

Approval of the June 26, 2014 meeting minutes was deferred to the next Board of Trustees meeting.

Presentation and Discussion – Preliminary Year-End Numbers

Dave Hansen presented a recap of preliminary 2013-2014 year-end numbers and discussed the financial soundness of the Benefits Trust Fund at fiscal year-end as reflected in the following financial reports:

- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of June 30, 2014
- Statements of Net Assets – June 30, 2014, June 30, 2013, June 30, 2012, and June 30, 2011
- Pro-Forma Fund Balance Roll-Forward (Excluding Impact of Benefit Holiday) – Twelve Months Ended June 30, 2014
- Balance Sheet Details – June 30, 2014, June 30, 2013 and June 30, 2012, and June 30, 2011
- Revenue and Expenses – Twelve Months Ended June 30, 2014
- Fund Balance Roll-Forward – Twelve Months Ended June 30, 2014

The questions by Chairperson Steinkamp in reference to the medical plans' net loss for the Plan Year ending June 30, 2014 were addressed and clarified. It was confirmed that the three medical plans lost \$2,112,000 combined. It was also confirmed that the percentage of loss (1.5%) for the Plan Year is within the expected range, that is, to keep the Profit/Loss within a range of a \$2 million loss and a \$2 million profit.

The questions by Chairperson Steinkamp in reference to the Plan Year rates were addressed and clarified. The rates for FY 2015 were approved in December 2013, six months prior to the start of the Plan Year. Rates are set for the year and cannot be changed. Trending information for claims will be more accurate after 3-4 months of claims data has been received. Any premium adjustments to accommodate losses in this Plan Year will need to be addressed in the upcoming rate setting for FY 2016.

The question by Trustee Dupree in reference the year-end close used for the Benefits Trust Fund was addressed and clarified. The County has three financial closes for the fiscal year and the third close on July 31st was used for the Benefits Trust Fund financial statements. There will be another close that will include an adjustment to these financials based on the actuary's report on "Incurred But Not Reported" (IBNR) balances for the claims liability, as required by the auditors.

A request was made by Trustee Dupree to include numbers on pages of the financial statements, and this will be done in future statements.

Presentation and Discussion – Review of Financial Statements

Dave Hansen presented a review of the current assets and liabilities related to the Employee Benefits Trust Fund as reflected in the following financial reports:

- Statements of Revenues, Expenses, and Changes in Net Assets – YTD as of July 31, 2014
- Statements of Net Assets – July 31, 2014, June 30, 2014, June 30, 2013, and June 30, 2012

- Balance Sheet Details – July 31, 2014, June 30, 2014 and June 30, 2013, and June 30, 2012
- Fund Balance Roll-Forward – One Month Ended July 31, 2014
- Revenue and Expenses – One Month Ended July 31, 2014
- Financial Commentary – July 2014

The question by Chairperson Steinkamp in reference to the implementation of Unitedhealthcare (UHC) was addressed and clarified. Meg Blankenship reported that aside from a few minor glitches, the implementation went smoothly, both from a member's perspective and benefit staff perspective. County Benefits is still in the Open Enrollment clean-up period, ensuring that all plans are operating smoothly and as expected. The biggest change from a member's perspective has been finding new healthcare providers.

The questions by Trustee Hinds in reference to the UHC contract were addressed and clarified. It was confirmed that the Unitedhealthcare contract is for a five-year term with the option to renew. The contract is not set up for annual renewal.

The questions by Trustee Dupree in reference to the opportunity for naturopathic medical care through UHC were addressed and clarified. Although the current trend is for health plans not to cover naturopathic medical care, UHC is working to augment their provider network with naturopathic doctors who meet their credentialing requirements.

The questions by Chairperson Steinkamp in reference to the customization of the medical contracts were addressed and clarified. It was explained that in the past, at the County's request, Cigna established a network of alternative medicine providers. UHC is also making an effort to contract with in-network alternative medicine providers. They have reached out to some of the same providers who participate under the Cigna network. For various reasons, providers have opted not to pursue a contract with UHC, while others have stated they will follow-through with the credentialing but have not done so.

Attorney Tawn Austin recommended that the alternative medicine topic be added to the next BOT meeting since the Trustees expressed interest in knowing more about the Alternative Medicine provider networks.

Presentation and Discussion – Benefit Premium Holidays

The benefits staff recommended postponing further discussion of the Benefit Premium Holiday until more data is available on the impact claims are having on the financials for Plan Year 2014-15.

The questions by Chairperson Steinkamp in reference to the schedule of the Benefit Premium Holidays were addressed and clarified. The Benefit Premium Holidays are

scheduled for December and June of Plan Year 2014-15. At the next Board of Trustees meeting in October, financial statements showing the impact of three months' of claims data will be available for review, and Benefit Premium Holidays will be discussed. It was confirmed that the Board of Supervisors already approved the Benefit Premium Holidays during the course of the budget process. The staff would prefer to present the FY 2015 claims trending information, along with the Mercer FY 2014 Reserve Analysis, IBNR, and the preliminary baseline for FY 2016 to the Trustees prior to making a recommendation for the Benefit Premium Holidays.

Call to Public

Chairperson Steinkamp made a Call to the Public. There was no response.

Motion to Adjourn

Chairperson Steinkamp called for a motion to adjourn. The motion to adjourn was made by Trustee Hinds and seconded by Trustee Dupree. The motion passed unanimously.

The meeting was adjourned at 11:40 A.M.